

# Community Engagement Guideline for Overseas Investment of Chinese Enterprises

中国企业海外投资  
社区沟通指南

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# **Community Engagement Guideline**

## **for**

# **Overseas Investment of Chinese Enterprises**

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SynTao Co., Ltd., founded in 2005, is a leading independent consultancy promoting sustainability and responsibility in China. With our global vision and local practice, we provide consulting, research, and training services on Corporate Social Responsibility (CSR), Socially Responsible Investment (SRI) and Corporate Culture.

As one of the earliest professional CSR consultants, SynTao has accumulated rich experience in fields of corporate social responsibility and sustainable development. Our services cover CSR strategy and management, report coaching/writing, stakeholder engagement and communication, CSR project design, monitoring and evaluation, corporate case development, corporate culture etc.

Now we have offices in Beijing, Shanghai, Guangzhou, Chengdu, Shenzhen, Chongqing and Washington D.C.

Our website: <http://www.syntao.com>



Tsinghua University School of Economics and Management was founded in 1984. Former Chinese Premier ZHU Rongji is the Founding Dean. The school offers undergraduate, master's, doctoral, MBA and many executive education programs, with a total enrolment of more than 4,500 students. Committed to advancing knowledge and cultivating leaders for China and the world, the School strives to provide students with the most complete and highest quality education possible to help them reach their full potential. The School's international executive MBA program has been ranked as No. 1 by Financial Times in 2015.



The Asia Foundation is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia. Informed by six decades of experience and deep local expertise, the work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote regional cooperation.

Headquartered in San Francisco, The Asia Foundation works through a network of offices in 18 Asian countries and in Washington, DC. Working with public and private partners, the Foundation receives funding from a diverse group of bilateral and multilateral development agencies, foundations, corporations, and individuals. In 2016, The Asia Foundation provided \$87.8 million in direct program support and distributed textbooks and other educational materials valued at \$9.5 million.



China Overseas Investment Risk Map ([http://www.chinagoabroad.org/index\\_CN.asp](http://www.chinagoabroad.org/index_CN.asp)) was built by SynTao to promote Corporation Social Responsibility in Chinese enterprises' overseas investment by sharing projects information on the platform.

China Overseas Investment Risk Map provides basic information on overseas investment projects of Chinese enterprises. In addition, the frontier information in the aspects of overseas investment risk and social responsibility can also be found on the website. It helps enterprises to manage and control the environmental, social and governance risks in overseas investment, reducing potential losses and improving operation efficiency. In addition, it also helps stakeholders to evaluate the performance of corporation social responsibility and its impact on enterprises' overseas investment.

China Overseas Investment Risk Map is an open platform. Partners from different sectors are welcomed to cooperate with us, to promote the development of corporate social responsibility.

## Introduction

“The Belt and Road Initiative” marks an important stage of Chinese enterprises’ overseas investment. Despite the strong motivation of economic development and benefits for both investors and host countries, there are tremendous differences in geographical, cultural, language and other aspects, coupled with a lack of understanding on the importance of “social license” by the investor. As a result, conflicts could arise between the investor and stakeholders in the community where the investment takes place. These conflicts would not only impede normal operations of the investment, they may also cost the community opportunity for development, and bring detriments to the sustainability of both sides.

Conflict prevention and resolution are never possible without proper and continuous engagements with. Although relevant tools for community engagement have already been developed by some of the international organizations and multinational corporations, Chinese enterprises are still far from understanding and implementing them due to the different expression habits. Therefore, to help Chinese enterprises recognize the importance of community engagement for community integration and sustainable development, a set of community engagement guidelines and tools is needed, which provides a direction for aligning thoughts, talks and actions. The guidelines and tools could help Chinese enterprises effectively identify who to communicate with, select the optimal communication methods, and build long-term and stable, symbiotic and co-prosperity relations with local communities, and ultimately engage both investors and local communities for sustainable development.

In response to these issues, SynTao, a leading consultancy promoting sustainable development in China, teamed up with Tsinghua University School of Economics and Management and initiated the development of “Community Engagement Guideline for Overseas Investment of Chinese Enterprises” (hereinafter referred to as “the Guideline”) in 2016. This project was funded by the Asia Foundation.

The Guideline applies to the Chinese companies that want to be or are already engaged in overseas investment and operations. The “Chinese enterprises” here refer to

enterprises registered in China, as well as all the overseas branches or investments affiliated to or owned by Chinese companies.

The Guideline can also be used as a reference for stakeholders involved in the community, which include NGOs, governments, industry associations, financial institutions and other organizations.

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# **1. Principles**

## **1.1. Equality and Mutual Benefits**

Equality and mutual benefits are the basis of community engagement. Mutual respect is required to ensure effective communication between enterprises and local communities. The purpose of such communication is to understand what communities need and respond to their concerns. Enterprises should be active and cooperative, show sincerity, honesty and friendliness; deploy multiple forms of communication in addition to the “emotionless” writing form; and adhere to laws and regulations to avoid providing or accepting bribery.

## **1.2. Seeking Common Ground While Tabling Differences**

While enterprises and communities may have conflicting positions with respect to the utilization of local resources, the two sides share the goals of achieving harmonious relationship and win-win results, which are the cornerstone of communication. Enterprises should make best efforts and leverage their capabilities to address or meet the reasonable demands and expectations of communities, protecting the rights of communities to access the shared resources. Issues on which an agreement cannot be reached in the foreseeable future, if not crucial or urgent, can be put aside and left to be dealt with when conditions are ripe. It is advisable that enterprises provide community services and activities, such as educational, cultural or sports activities, as a way of initiating communication and building trust.

## **1.3. Two-way Communication**

Since communication is a two-way process that involves interaction between two parties, enterprises ought to effectively and clearly get messages across to target communities, while listening to opinions, questions and suggestions from these communities, and avoid talking without listening, listening without responding, or neither sending nor receiving messages. Enterprises should clearly deliver messages to communities through multiple channels and methods, listen carefully to opinions, questions and suggestions from the latter and respond quickly and positively.



#### **1.4. Being Consistent**

Keep communication consistent. Key messages delivered by an enterprise should be consistent across communication with different groups over different time periods in different occasions; otherwise the hard-won trust between the enterprise and the community may be seriously undermined. Enterprises need to make sure that their local partners, such as local suppliers, also convey consistent information to communities.

#### **1.5. Respecting Local Customs**

To ensure proper and effective communication with communities, enterprises must respect local cultures and customs. Taboo topics and behaviors must be avoided. It is suggested that, in addition to Chinese or English, enterprises also use local languages for effective communication, and use local expressions and simplified interpretations of professional terms for easier understanding. Enterprises can increase community engagement by participating in local cultural festivals, religious gatherings or clan gatherings, rather than merely by convening “monotonous” conferences for stakeholders.

#### **1.6. Turning Words into Deeds**

Enterprises are ultimately assessed by stakeholders based on their actually practical action, which also significantly affect communities’ trust in them. Enterprises should be careful to what they say and do, and fulfill every promise made. Do not hastily make promises that cannot be kept. Enterprises should take actions, instead of just talking, to address stakeholders’ concerns and demonstrate continued improvement. Perseverance is essential. Enterprises should always be patient and sincere, and respond actively in communicating with communities.

## **2. Steps**

### **2.1. Establishing Communication Positions and Placing Proper Personnel**

#### **2.1.1 Developing Communication Strategies**

The management should include community engagement into the corporate decision-making process, and integrate community engagement strategies into their overseas investment strategies. A community engagement mechanism that includes a “bottom-up” complaint handling procedure and a “top-down” decision-making, responding and support-providing approach should be in place. The complaint handling and responding procedures should be disclosed through channels accessible to the public.

#### **2.1.2 Setting Designated Staff**

Capable enterprises should set up a designated department for community engagement led by designated staff commonly known as the community manager, whose rights and duties and performance evaluation targets should be clearly defined. For those currently unable to establish a dedicated department, it is suggested that the task of community engagement should be assigned to competent staff, with their performance evaluation targets clarified. Proper delegation of authority to community managers is also needed.

#### **2.1.3 Setting Inter-department Coordinators**

It is advised that dedicated staff from design, procurement, production, sales, marketing, finance, human resources, and public relations departments should be designated to work closely with the community engagement manager, providing support in forms of technology, human resources, finance, and key external information for effective community engagement.

#### **2.1.4 Regular Internal Communication**

Internal meetings and communication sessions should be run regularly for all the staff involved in community engagement across the organization, designated or not, to timely review existing community engagement practices, discuss potential community risks, draw on experience and lessons from past practices, predict potential challenges and develop solutions accordingly.

## **2.2. Grasping the Overall Situation**

### **2.2.1. Understanding Community Context**

Enterprises should conduct comprehensive community risk studies to understand the basic facts of communities they operate in, including information on local natural resources, land ownership and property rights, population, education, religion, ethnic groups, tribes, traditional culture, political and social governance, NGOs, media environment, economic performance, and environmental capacity, so as to identify major challenges and opportunities these communities may face in pursuit of sustainable development, and understand their needs and top concerns.

### **2.2.2. Identifying Stakeholders**

Enterprises are suggested to identify and prioritize key stakeholders in community engagement by their relevance and influence through tools such as the stakeholder matrix.

### **2.2.3. Identifying Key Issues**

Enterprises should explore and analyze stakeholders' concerns through stakeholder seminars, community surveys and peer benchmarking, and evaluate, identify and prioritize key issues using such tools as the table for identifying issues.

### **2.2.4. Peers Benchmarking**

Enterprises should pay attention to the community engagement practices of their peers operating in the same community, and conduct peer benchmarking if possible. It is also suggested that enterprises study major communication challenges and solutions of their global counterparts in similar community context, learning from best practices, and drawing on proven experience through benchmarking.

## **2.3. Confirming Message**

### **2.3.1. Clarifying Enterprises' Stance**

Enterprises should clearly state their general principles and stance towards local community development, and their attitudes to and opinions on major issues and key stakeholders.

### **2.3.2. Setting Goals**

Based on their communication needs, enterprises should set out short-term and long-term communication targets that are specific and measurable, and underpin them with proper approaches, resources, timetables, and performance indicators.

### **2.3.3. Delivering Message**

Enterprises should accurately document and deliver key messages to local communities in clear and plain language, including but not limited to such information as key stakeholders and issues, and the stance and communication targets of enterprises, to avoid misunderstanding on either sides (or among multiple stakeholders) or deviation from the project execution.

### **2.3.4. Training Internal Staff**

Enterprises should carry out dedicated training on the above mentioned information for internal staff, particularly staff involved in community engagement, to ensure consistent information are shared across, within, and without the origination. Enterprises should also run training sessions for improving communication skills of internal staff.

## **2.4. Developing Channels**

### **2.4.1. Diversifying Communication Channels**

Enterprises are suggested to identify and establish multiple communication channels, taking into account the situations of local communities, stakeholders and key issues. Both official and unofficial channels can be used when communicating with governments, NGOs, international organizations, media, higher education institutions and industrial associations. Within an enterprise, the community engagement department should coordinate with operating and management departments to make full use of the communication channels established by those departments, while focusing on leveraging emerging communication channels such as Internet and social networking sites.

### **2.4.2. Targeted Communication for Segment Group**

Targeted communication strategies should be developed based on the identified key issues for the prioritized stakeholders by their engagement, relevance and influences to achieve effective communication.

### **2.4.3. Communication through Mutually Trusted Intermediaries**

Enterprises are advised to find organizations or individuals that are known and/or trusted by both sides as mediators to build trust and minimize conflicts in negotiation.

### **2.4.4. Using Plain Language**

Enterprises should identify communication channels, approaches and languages that are familiar and acceptable to local communities to improve communication efficiency and outcomes.

## **2.5. Effective Execution**

### **2.5.1. Perseverance**

Enterprises should be patient in communication with local communities. When agreement is not achieved by two sides on the first attempt, it is suggested that the objective of communication be divided into small ones, which are supposed to be achieved step by step with patience and perseverance through repeated communication with the target communities.

### **2.5.2. Step-by-step**

Mutual trust and understanding, which is the precondition to effective communication, should be promoted step by step through the channels and approaches that are familiar and accustomed to the local communities.

### **2.5.3. Face-to-face**

Face-to-face conversations, easy to fully share information and get instant feedback from the audience, are the best way of communication, while the accuracy of information may be greatly compromised through multiple intermediaries. Enterprises should try to have face-to-face conversations with target communities to obtain first-hand information and leave them with a positive impression. If face-to-face conversations cannot be made, telephone communication should be considered first and lastly written communication.

### **2.5.4. Closed-door Meetings**

In order to make the participants feel relaxed and express their real thoughts, enterprises can hold closed-door meetings, and ensure the views expressed by participants will not be made public.

#### **2.5.5. Listening**

Enterprises should keep in mind that communication with local communities is a two-way process, in which enterprises should always listen carefully to voices from local communities, and respond quickly to their opinions, questions and suggestions. The following behaviors should be avoided during communication: talking without listening or only listening to what is favorable, and rushing to express a different view before the speaker making clear his or her points.

#### **2.5.6. Keeping Records**

Written, video or audio records should be kept with the permission of target communities as proof in case of any disputes in the future. It is encouraged to disclose selected information so that the general public is informed of the progress and results of the communication. However, video or audio records are not allowed in closed-door meetings, where notes or photos may be taken in accordance with the local laws.



## **2.6. Monitoring Feedback**

### **2.6.1. Proactive Response**

In case of any disputes or disagreements during the communication, enterprises should respond positively within an appropriate time period to avoid misunderstandings. In the process of resolving disputes, one or both sides may need to compromise in order to reach agreement for a continued communication process which should not be terminated due to currently unsettled disputes.

### **2.6.2. Identifying Potential Risks**

Enterprises should pay attention to the voices as well as the most recent news in local communities to identify potential problems and risks so as to act in advance for minimum costs and avoid escalated contradictions caused by neglected problems.

### **2.6.3. Continuous Improvement**

Enterprises should regard the communication with local communities as a process that needs long-term efforts rather than a temporary endeavor for individual events. Monitoring and assessment of each communication activity are required to accumulate experience for a more effective working mode in the long-term communication process.

### **2.6.4. Management Improvement**

All information obtained and experience accumulated through community engagement should be summarized in time to improve and make innovations to the management system of enterprises.

## **2.7. Emergency Plans**

### **2.7.1. Developing Contingency Plans**

Enterprises should make contingency plans for possible crises in which decision-makers for launching such plans regarding different scenarios should be identified.

### **2.7.2. Information Disclosure**

Enterprises should act quickly when a crisis has been forecasted and during the crisis, and disclose information by stages in line with the contingency plans to ensure all stakeholders are informed, avoiding rumors caused by delayed announcement of correct information.

### **2.7.3. Security Measures**

Security measures should be taken for the possible conflicts incurred by communication failures, so as to protect both corporate employees and local residents from injuries.

## **Appendix I Definitions**

### **Chinese Enterprises**

Chinese enterprises in this guideline refers to the for-profit companies registered in People's Republic of China, as well as all the overseas branches or investments affiliated to or owned by Chinese companies.

### **Community**

A community is a group of people living in the same geographical area who have durable relations bound by common needs, interests, beliefs or values. The community also refers to the sentiments shared by people committed to a common goal, namely a sense of identification, public awareness and a feeling of unity.

### **Communication**

Communication is a process of conveying information, ideas, or feelings from one person or group to another, which involves three major components:

1. An information source, or the message sender;
2. A channel, or the medium through which a message is transmitted;
3. A target, or the message receiver.

Communication is more than exchange of information. It is in essence a dynamic process that shapes social relationships of communicators.

### **Stakeholder**

Any individual or group that can affect and be affected by an enterprise's decisions and activities, either positively or negatively, is considered a stakeholder.<sup>1</sup> As stakeholders' interests are affected by the enterprise, formal or informal relationships are established between the enterprise and affected stakeholders, regardless of the awareness of such interests by all parties involved.

In this context, interests serve as hard or potential evidence to support stakeholders' claim that they should obtain their due or their certain right should be respected. Such

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<sup>1</sup> ISO26000 - Social responsibility; IFC's Environmental and Social Performance Standards

claim may involve the right to be listened to, not necessarily any property interests or legal rights. The significance of a certain interest is determined by its relevance to sustainable development.

### **Social License**

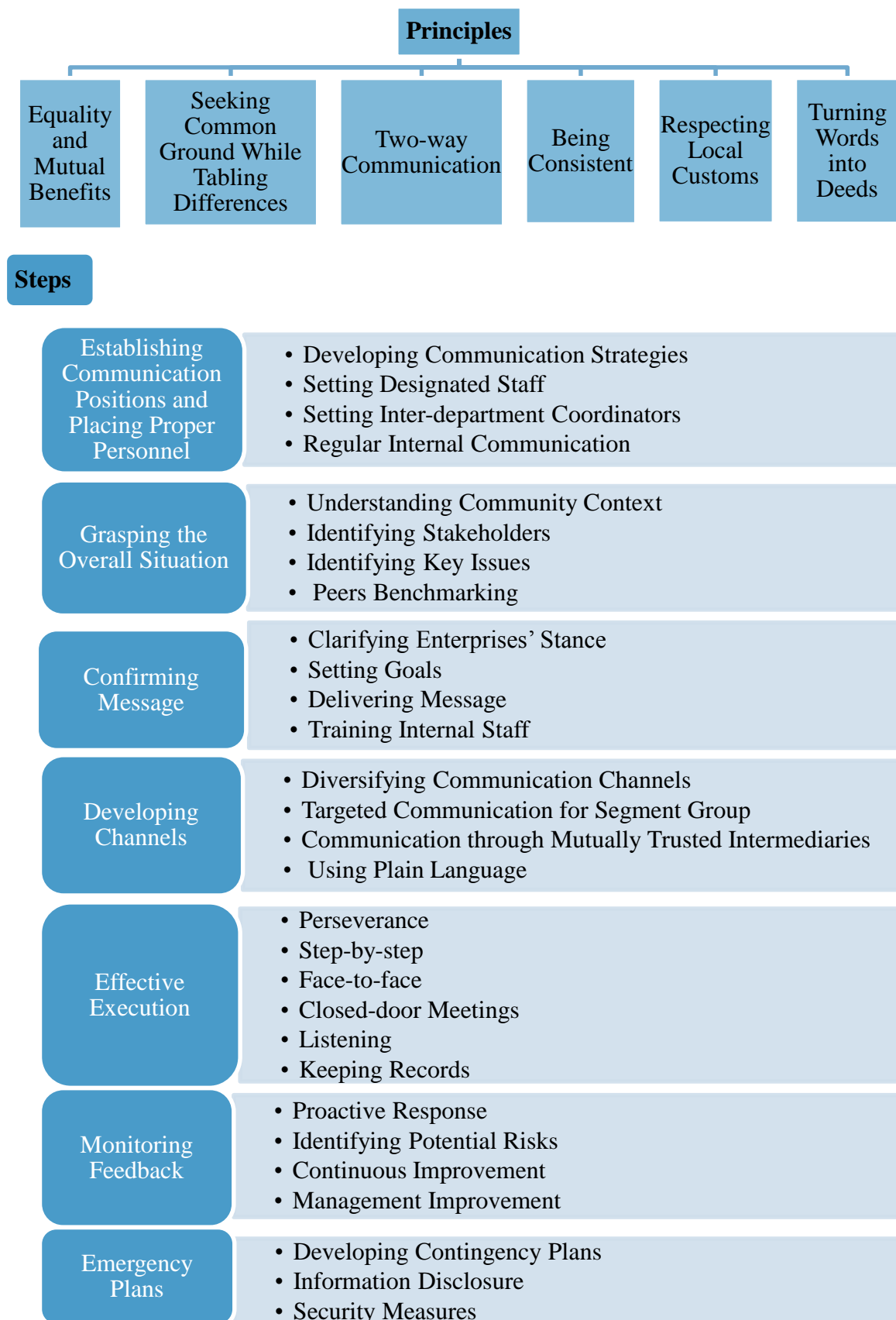
Social license refers to the acceptance on an enterprise and its projects by the local community, including stakeholders (e.g. community members, indigenous people) and other interested groups (e.g. local governments, non-governmental organizations) that are affected or may be affected by the projects.

The acquisition of social license depends on “to what degree the enterprise and its activities satisfy the expectations of local community members, interested groups and society”.

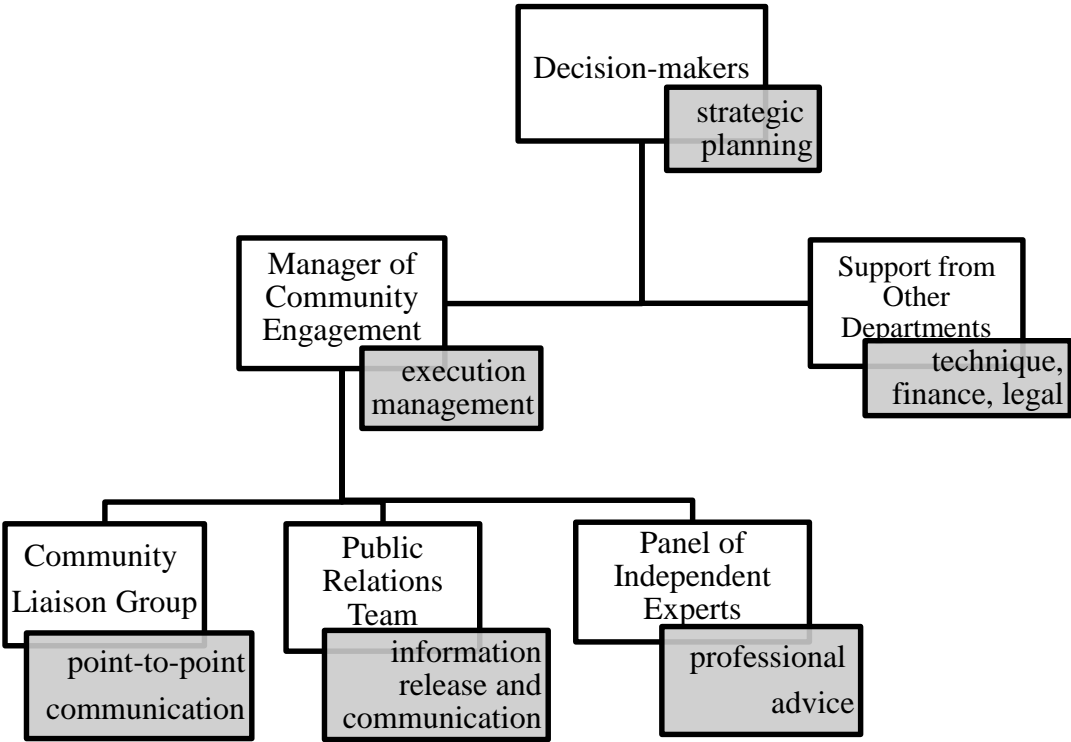
The acquisition of social license is dynamic, as stakeholders’ perceptions may be influenced by various factors over time.

## Appendix II Tools

### a. Frame Diagram of Community Engagement



**b. Separation of Duties on Community Engagement**



**c. Table for Identifying Stakeholders**

Stakeholders	Description for Related Interests	Company Rating <sup>2</sup>	Ways of Participation	Key Historical Events	Contact	Person in Charge	Note

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<sup>2</sup> Stakeholders could be evaluated and rated according to the degree of participation /impact, their attitude, and the legality of their demands.

**d. Table for Identifying Issues**

Issues	To what degree does this issue concern stakeholder A?	To what degree does this issue concern stakeholder B?	To what degree does this issue concern stakeholder C?



### **e. Checklist for Planning Stakeholders Meeting<sup>3</sup>**

1. Meeting notice/invitation (in Chinese, English and local language)
2. Meeting agenda (in Chinese, English and local language)
3. Guest list
4. Sign-in sheet
5. List of issues for discussion
6. Background information about the meeting
7. Transportation details for stakeholders to the venue
8. Directional signs in the venue
9. Audio/visual facilities
10. Microphones
11. Pens and paper
12. Nameplates
13. Facilities (recorders) and personnel needed for record-keeping
14. Interpreters and simultaneous interpretation equipment
15. Security personnel
16. Food and drinks (if necessary)

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<sup>3</sup> As face-to-face interaction, the stakeholders meeting is one of the community engagement methods. Other essential methods include press conference, announcements, Q&A sessions, letters from CEO, multi-media corporate promotional videos, Internet and other public media applications, which will be introduced in our successive handbooks.

## **f. Template of Request Letter for Visiting Stakeholders<sup>4</sup>**

Request Letter for Visit

Dear Mr. /Ms.

I hope this letter finds you well.

I am writing to request the opportunity to visit your office by our Community Contact Specialist [name] and another two staff on [Day] [Month], [Year], regarding the [Issue], with a view to identifying your needs for community development, exchanging views and facilitating our cooperation.

Please kindly arrange the visit. Many great thanks in advance.

### **Appendix**

#### **Purpose of Visit:**

- 1.
- 2.

#### **List of Visitors**

Name (Title)

Name (Title)

Name (Title)

#### **Contact**

Name:

Tel:

[Company Name]

[Day] [Month], [Year]

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<sup>4</sup> Enterprises are recommended to formulate templates in local languages based on this template.

### **g. Press Release Template for Crisis Management<sup>5</sup>**

An [accident] occurred at the [project name] of our Company in [location] at [time], on [day] [month], [year]. The contingency plan and remedial measures were adopted immediately. The situation is basically under control, with [number] person(s) dead and [number] injured. The accident has [level/no] influence on the daily life of local residents, [including: 1.; 2.; and ...]. Following measures have been implemented: 1. ; 2. ; and ... . It is expected to come back to normal at [time], on [day] [month], [year].

Located at [location], the project is [km] away from the [name of local community]. After the accident, it was reported instantly to the [competent authority], and organized an Accident Inspection Group consisting of [related parties] to examine the situation on site and hold a special meeting. An Onsite Accident Task Force have also been established to strictly executing the contingency plan of the construction and managing the onsite situation.

According to our initial investigation, the accident was caused by [the cause of the accident], when onsite workers were [technical process]. To prevent secondary accidents, as of the release, we have evacuated all the employees and equipment from the site. Warning signs are set up, and the entrance to the accident site is blocked. To ensure the safety, no one is allowed to enter the accident site without permission.

We will continuously follow up the progress of this accident and communicate essential information in a timely manner.

[Company Name]

[Day] [Month], [Year]

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<sup>5</sup> Enterprises are recommended to formulate templates in local languages based on this template.

## **Appendix III References**

ISO26000 - Social Responsibility

Declaration on the Rights of Indigenous Peoples

International Labour Organization Conventions

UN Global Compact

The Principles of Responsible Agricultural Investments

GRI Sustainability Reporting Guidelines

IFC Sustainability Framework & Performance Standards

Robert' s Rules of Order

Operable Democracy - the Localization of Robert's Rules of Order

Guide to Managerial Communication

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